ECONOMIST CORNER

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LIVESTOCK

The hog market topped $40 during the last week of April putting most producers in a profitable position for the first time in 18 months. Weekly slaughter will decline seasonally and will show a year-over-year decline that is expected to continue through 2004. Prices are forecast to average in the low to mid $40s this summer with a summer high in the upper $40s likely. Since 1990, the summer high occurred in weeks 25, 26, or 27 in 7 of the 13 years. It occurred after week 27, the first week of July, only 3 times, '93, '95, and '99 when it was in week 33 or 34 (mid-late August). All three of these years were summers following a cycle low price the previous fall similar to this year's scenario.

Fed cattle prices continue quite strong ($78-79) following a spring high of $81 in early April. Beef demand has been stronger than a year ago helping to support prices along with smaller supplies. Year-to-date cattle slaughter is unchanged from 2002, but carcass weights are dramatically lower than a year ago. During the last week of April steer and heifer dressed weights were 17 and 27 pounds lighter, respectively than the same week in 2002. Fed cattle prices are forecast to decline into late summer. However, the decline is not expected to be as much as most years. It now appears that summer lows could remain above $70.

GRAIN

The U.S. soybean stocks/use ratio at the end of August is expected to be the lowest since 1965, although South American stocks will be record large. The low U.S. stocks and a slower than normal start to the soybean planting season mean that old-crop and new-crop soybean prices are likely to be quite volatile for at least the next eight weeks. Further strength in cash prices is possible if Thursday morning export sales reports continue to show old-crop weekly sales of 0.12 million tons or more, or if serious crop problems become evident over a large part of the Midwest.

In contrast to soybeans, corn exports and export sales have been depressed for most of the 2002-03 marketing year. Total export sales through mid-May were down 14 percent from a year earlier. Weak export demand is likely to temper strength in corn prices unless serious and widespread crop problems develop. Early projections for next season show a continued increase in domestic corn processing, approximately steady domestic corn feeding, and a moderate increase in corn exports. Increased exports are expected to result from a sharp drop in grain production in former Soviet republics. Last year, similar early indications failed to materialize and former Soviet republics harvested record grain crops.

Average Prices Received by Farmers for Farm Products

Item	Unit	IOWA Apr. [1] 2002	IOWA Mar. [1] 2003	IOWA Apr. [2] 2003	U.S. Mar. [1] 2003	U.S. Apr. [2] 2003
		- - - - - - - - - - Dollars				- - - - - - - - - -
Corn	bu	1.86	2.23	2.25	2.33	2.35
Oats	bu	2.00	2.21	2.05	2.08	1.98
Soybeans	bu	4.36	5.55	5.85	5.60	5.90
Alfalfa, baled	ton	87.00	81.00	79.00	96.20	96.20
All hay, baled	ton	86.00	78.00	78.00	92.80	94.50
All hogs	cwt	33.30	34.90	34.20	34.70	33.80
Sows	cwt	28.40	27.80	29.20	24.70	25.70
Barrows & Gilts	cwt	33.30	35.00	34.30	35.20	34.20
Beef cattle	cwt	65.40	73.20	74.80	72.70	75.00
Cows	cwt	40.20	39.90	39.50	39.50	40.10
Steers & Heifers	cwt	65.60	73.90	75.20	76.70	79.30
Calves	cwt	92.00	91.40	93.50	97.00	99.10
Milk cows[3]	hd	1,620	--	1,290	--	1,300
Milk (whls)	cwt	12.70	11.20	11.20	11.00	10.90
Sheep	cwt	25.00	40.10	--	40.20	--
Lambs	cwt	65.00	92.90	--	97.10	--
Eggs (mkt)	doz	.234	.344	.446	.518	.520

[1]Corn, oats, soybeans, all hogs, all cattle, all sheep, and milk are whole-month prices. All hay and eggs are mid-month prices. [2]All prices are mid-month. [3]Prices published January, April, July, and October.

Price Index Summary Table

Prices Received	IOWA Apr. 2002	IOWA Mar. 2003	IOWA Apr. [1] 2003	UNITED STATES Apr. 2002	UNITED STATES Mar. 2003	UNITED STATES Apr. [1] 2003
			1990-92=100[2]			
Prices rec'd.	80	92	93	94	99	101
Crops	81	99	101	100	105	111
Lvstk Prods.	79	84	84	89	93	93
			1910-14=100[3]			
Prices rec'd.	--	--	--	597	628	644
Crops	--	--	--	492	520	549
Lvstk Prods.	--	--	--	684	716	716

[1]Preliminary. [2]1990-92=100 reference replaced 1977=100 in January 1995. [3]Iowa figures for 1910-14=100 base not available.

U.S. Prices Paid Index Summary

Prices Paid	Apr. 2002	Mar. 2003	Apr. 2003	Apr. 2002	Mar. 2003	Apr. 2003
	1990-92=100			1910-14=100		
Prices paid[1]	123	127	128	1639	1692	1701
Feed	109	114	114	534	556	556
Ratio[2]	76	78	79	36	37	38

[1]Prices paid by farmers for commodities and services, interest, taxes, and farm wage rates. [2]Ratio of index of prices received to index of prices paid for commodities and services, interest, taxes, and farm wage rates.